

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 FEA-02 TRSE-00 COME-00 INT-08 EB-11

STR-08 SCI-06 OMB-01 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03

SS-20 USIA-15 DRC-01 /140 W
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R 181711Z JAN 74

FM AMCONSUL HALIFAX

TO SECSTATE WASHDC 681

INFO AMEMBASSY OTTAWA

UNCLAS HALIFAX 013

E.O. 11652: N/A

TAGS: ENRG, CA

SUBJECT: SPEECH BY NOVA SCOTIA PREMIER REGAN ON ENERGY

REF: HALIFAX 008

1. FOR SECOND TIME IN LESS THAN A WEEK, PREMIER GERALD REGAN HAS GIVEN MAJOR SPEECH DEALING WITH ENERGY, THIS TIME TO MEETING OF NOVA SCOTIA LIBERALS ON JANUARY 17.

2. MAIN POINT, WHICH RECEIVED WIDE MEDIA COVERAGE, WAS THAT UPCOMING FIRST MINISTERS MEETING IN OTTAWA "ONE OF THE MOST IMPORTANT MEETINGS IN CANADA'S HISTORY". THIS IS BECAUSE IN HIS VIEW THE PROVINCIAL REPRESENTATIVES WILL DECIDE WHETHER THE COUNTRY BECOMES A LOOSE FEDERATION OF PROVINCES OR A SINGLE NATION, HE SAID THAT HE "WOULD HATE TO SEE A VULCANIZING OF THE PROVINCES AROUND THE ISSUE OF ENERGY."

3. REGAN REITERATED POINT HE HAS MADE BEFORE THAT FEDERAL GOVERNMENT MUST HAVE RIGHT TO FREEZE AND REGULATE PRICE OF OIL ACROSS CANADA. WITHOUT A FREEZING OF PRICES AND SUBSIDIES FOR THOSE DEPENDENT UPON FOREIGN CRUDE (THAT IS ATLANTIC CANADA IN PARTICULAR) ECONOMIC UNCLASSIFIED

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WELL BEING OF COUNTRY AS A WHOLE IS THREATENED. LACK OF FEDERAL PRICE

CONTROL WOULD MEAN THAT OIL PRODUCING PROVINCES SUCH AS ALBERTA WOULD EXPERIENCE "EMBARRASSING WEALTH" WHILE OTHER PROVINCES (READ ATLANTIC CANADA AGAIN) WOULD FACE "ECONOMIC RUIN."

4. PREMIER SAID A MOVE TOWARDS "UNFETTERED RIGHTS" FOR PROVINCES MUST BE RESISTED. THE FEDERAL GOVERNMENT MUST HAVE CERTAIN RIGHTS AND AMONG THEM SHOULD BE CONTROL OF THE PRICE OF CANADIAN OIL. HE THINKS PRICE SHOULD BE FROZEN AT LAST YEAR'S LEVEL AND NOT ALLOWED TO RISE TO INTERNATIONAL LEVELS. (SEE PARA 3 REF TEL.)

5. PREMIER THOUGHT OIL COMPANIES PROFITS SHOULD BE HELD TO LAST YEAR'S LEVELS BUT MODEST INCREASE IN ROYALTIES COULD BE ALLOWED THE OIL PRODUCING PROVINCES TO COMPENSATE THEM FOR DIMINISHING RESOURCES.

6. FEDERALIST STANCE ON PRICE CONTROL, PREMIER SAID, IN NO WAY AFFECTS PROVINCES POSITION REGARDING OWNERSHIP OF RESOURCE AREAS SUCH AS SABLE ISLAND. PROVINCES SHOULD MAINTAIN OWNERSHIP OF WHAT IS THEIRS BUT MUST ALLOW SOME FEDERAL REGULATION FOR NATIONAL GOOD.

7. PREMIER SAID A SUBSTANTIAL NUMBER OF NOVA SCOTIA INDUSTRIES FACE MASSIVE LAYOFFS IF OIL SUBSIDIES ARE NOT PAID TO MAKE UP INCREASE COST OF IMPORTERS OIL. CITED SPECIFICALLY CASE OF MCCAN FOODS LTD IN NEIGHBOURING NEW BRUNSWICK WHERE FUEL PRICES HAVE TREBLED IN PAST YEAR. UNLESS RELIEF FROM HIGH OIL PRICES IS GRANTED HALF OF 100 MAN WORK FORCE FACES LAYOFF.

8. IT IS CLEAR THAT PREMIER REALLY REGARDS OTTAWA MEETING NEXT WEEK AS EXTREMELY IMPORTANT. HE CONTINUES TO BUTTRESS HIS VIEWS WHENEVER SUITABLE OCCASION OFFERS.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM INDUSTRY, SPEECHES, PRICE CONTROLS, ECONOMIC CONTROLS, IMPORTERS, MEETINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 18 JAN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974HALIFA00013
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: HALIFAX
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740132/aaaabehh.tel
Line Count: 91
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: HALIFAX 008
Review Action: RELEASED, APPROVED
Review Authority: WorrelSW
Review Comment: n/a
Review Content Flags:
Review Date: 02 OCT 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <02 OCT 2002 by rowelle0>; APPROVED <20-Nov-2002 by WorrelSW>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SPEECH BY NOVA SCOTIA PREMIER REGAN ON ENERGY
TAGS: ENRG, CA, (REGAN, GERALD)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005